



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

SB2608

Introduced 10/22/2013, by Sen. Jason A. Barickman

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/155.45 new

Amends the Illinois Insurance Code. Sets forth provisions that apply to a certificate of insurance that is issued in connection with a contract related to property, operations, or risks located in this State, regardless of the location of the policyholder, insurer, insurance producer, or person that requests or requires the issuance of the certificate of insurance. Provides that the use of a certificate of insurance form that is unfair, misleading, or deceptive or violates any law is an unfair and deceptive act or practice in the business of insurance. Provides that a certificate of insurance may not amend, extend, or alter the coverage provided under, or confer to a person any rights in addition to the rights expressly provided in, the policy of property or casualty insurance to which the certificate of insurance refers. Provides that a person may not prepare, issue, request, or require the issuance of a certificate of insurance that (1) contains false or misleading information concerning the policy of property or casualty insurance to which the certificate of insurance refers or (2) alters, amends, or extends the coverage provided by the policy of property or casualty insurance to which the certificate of insurance refers. Provides that a certificate of insurance may not contain a warranty that the policy of property or casualty insurance to which the certificate of insurance refers complies with the insurance or indemnification requirements of a contract. Provides that a person is not entitled to notice of, cancellation of, nonrenewal of, or a material change in a policy of property or casualty insurance unless the person has notice rights under the terms of the policy of property or casualty insurance or an endorsement to the policy. Sets forth provisions concerning the Director of Insurance's authority and departmental rules.

LRB098 13676 RPM 48202 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by adding  
5 Section 155.45 as follows:

6 (215 ILCS 5/155.45 new)

7 Sec. 155.45. Certificates of insurance.

8 (a) In this Section:

9 "Certificate of insurance" means a document prepared  
10 by an insurer or insurance producer as evidence of property  
11 or casualty insurance coverage. "Certificate of insurance"  
12 does not include a policy of insurance, an insurance  
13 binder, a policy endorsement, or a motor vehicle insurance  
14 identification or information card.

15 "Department" means the Department of Insurance.

16 "Director" means the Director of Insurance.

17 "Insurance producer" means a person required to be  
18 licensed under the laws of this State to sell, solicit, or  
19 negotiate insurance.

20 "Insurer" means a company, firm, partnership,  
21 association, order, society, or system making any kind or  
22 kinds of insurance and shall include associations  
23 operating as Lloyds, reciprocal or inter-insurers, or

1 individual underwriters.

2 "Person" means any individual, aggregation of  
3 individuals, trust, association, partnership, or  
4 corporation, or any affiliate thereof.

5 "Property or casualty insurance" means the kinds of  
6 insurance described in either or both Class 2 or Class 3 of  
7 Section 4 of this Code.

8 (b) This Section applies to a certificate of insurance that  
9 is issued in connection with a contract related to property,  
10 operations, or risks located in this State, regardless of the  
11 location of the policyholder, insurer, insurance producer, or  
12 person that requests or requires the issuance of the  
13 certificate of insurance.

14 (c) The use of a certificate of insurance form that is  
15 unfair, misleading, or deceptive or violates any law is an  
16 unfair and deceptive act or practice in the business of  
17 insurance under Article XXVI of this Code.

18 (d) A certificate of insurance may not amend, extend, or  
19 alter the coverage provided under, or confer to a person any  
20 rights in addition to the rights expressly provided in, the  
21 policy of property or casualty insurance to which the  
22 certificate of insurance refers.

23 (e) A person may not prepare, issue, request, or require  
24 the issuance of a certificate of insurance that:

25 (1) contains false or misleading information  
26 concerning the policy of property or casualty insurance to

1 which the certificate of insurance refers; or

2 (2) alters, amends, or extends the coverage provided by  
3 the policy of property or casualty insurance to which the  
4 certificate of insurance refers.

5 (f) A certificate of insurance may not contain a warranty  
6 that the policy of property or casualty insurance to which the  
7 certificate of insurance refers complies with the insurance or  
8 indemnification requirements of a contract. The inclusion of a  
9 contract number or contract description in a certificate of  
10 insurance does not warrant that the policy of property or  
11 casualty insurance to which the certificate of insurance refers  
12 complies with the insurance or indemnification requirements of  
13 the contract.

14 (g) A person is not entitled to notice of, cancellation of,  
15 nonrenewal of, or a material change in a policy of property or  
16 casualty insurance unless the person has notice rights under  
17 the terms of the policy of property or casualty insurance or an  
18 endorsement to the policy. The terms and conditions of notice  
19 described in this subsection (g) are governed by the policy of  
20 property or casualty insurance or an endorsement to the policy  
21 and are not altered by a certificate of insurance.

22 (h) A certificate of insurance or any other document that  
23 is prepared, issued, requested, or required in violation of  
24 this Section is void.

25 (i) The Director may refer a matter to the Department of  
26 Financial and Professional Regulation for review pursuant to

1 the rules of that department if the Director has reason to  
2 believe that a certificate of insurance form as described in  
3 subsection (c) of this Section has been provided by a financial  
4 institution.

5 (j) The Director may examine and investigate the activities  
6 of a person that the Director reasonably believes has violated  
7 the provisions of this Section. The Director may issue a cease  
8 and desist order or impose a civil penalty of not more than  
9 \$1,000 for each violation of this Section.

10 (k) The Department may adopt rules to implement the  
11 provisions of this Section.